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TAGS: [MASS](#) [PTER](#) [SNAR](#) [PREL](#) [PARM](#) [PA](#)
SUBJECT: PRESIDENT LUGO DISCUSSES SECURITY AND DEFENSE
ISSUES WITH CHARGE

REF: A. ASUNCION 001
[1](#)B. ASUNCION 003

Classified By: Charge d'Affaires, a.i. Michael J. Fitzpatrick for reasons 1.4 (b) and (d).

SUMMARY

[1](#)1. (S) President Lugo, joined by two close confidants, frankly and amicably discussed with Charge January 5 current security issues, principally the Paraguayan People's Army's New Year's Eve attack on an Army outpost and the separate subsequent capture by police of stolen plastic explosives by Army personnel (refs A and B); the U.S.-trained Joint Rapid Response Detachment (DCEI) and security cooperation; and possible threats of violence against himself, or his ministers. While the President was not overly concerned that any of the incidents represented clear or immediate threats to the government, he clearly was unhappy with the lack of inter-agency cooperation among his ministers and ministries. Lugo's posture during the meeting clearly indicated that he remains strongly supportive of USG assistance to DCEI, but, especially in the absence of his ministers, he remained his (usual) noncommittal self. He did repeatedly commit, however, to have his government provide the Embassy with a written response as to the way forward on USG support for the DCEI, and perhaps even on US security assistance more generally, by January 16. END SUMMARY.

LUGO ON EPP AND EXPLOSIVES THEFT

[1](#)2. (S) President Fernando Lugo, Paraguayan National Anti-Drug Secretariat (SENAD) Minister Cesar Aquino, and informal advisor Omar Castarino discussed security issues January 5 with Charge and poloff (notetaker) in a cordial one-hour meeting in the President's office. Lugo told Charge that he was pleased with the government's initial response to the Paraguayan People's Army's (EPP) December 31 attack on an Army outpost in Tacuati, San Pedro Department (ref A). Lugo based his feedback on initial reports from the military detailing the deployment of 35 members of the Military's Joint Rapid Response Detachment (DCEI) to Tacuati to search for EPP suspects. He was decidedly not pleased, however, with the interagency bickering that the attack provoked among the police, military, prosecutors and various public officials as to who was in charge of responding to the overall situation.

[1](#)3. (S) President Lugo told Charge he was convinced the EPP was definitely not as large as the 300 members alleged in

some reports. Rather, he said, it was a small group of known individuals (20-30) repeatedly committing the same illegal acts. "It's the same people as always," he said, those responsible for a series of high-profile kidnappings in recent years, first as members of the armed wing of the Free Homeland Party (PPL), and now as the EPP. Lugo said there were reports that law enforcement had surrounded one EPP member, and Lugo said he hoped that having a high-profile arrest by the end of the week would convince people of his genuine interest in shutting down the EPP. (NOTE: Paraguayan security forces have not yet apprehended any suspects in the Tacuati attack; additional military and police units, however, have since been sent into the area in the hopes of cornering or flushing out those involved. END NOTE.) Lugo also mentioned that the rural areas of the Concepcion/San Pedro border area (such as Tacuati) and the hilly areas of Paraguari Department as the two most troubling areas for these types of security threats. He was troubled by, but convinced that, the EPP was receiving local support from narcotics traffickers (including some large land holders in San Pedro). He based that, he said, on his intimate knowledge of the area from his (eleven) years as Bishop in San Pedro. Lugo estimated that the EPP was not really a direct security threat to the nation but rather were stirring up trouble, scaring off legitimate investors, and providing an opportunity for many quarters to criticize the government -- and ultimately to trip him up.

14. (S) Lugo shared his concerns with Charge over that morning's breaking news story -- the arrest of Army personnel in possession of hundreds of pounds of C4 plastic explosives, possibly stolen from Paraguayan Army depots. Lugo said he was convinced that the the three sergeants publicly implicated

"would not dare" to steal the explosives and guns recovered on their own. He saw it more in the context of the Army's "traditional" involvement in black market arms trafficking -- and he said he expected that officers "with stars on their shoulderboards" were those really behind the incident. Charge committed USG efforts to work closely with prosecutors to trace the origins and possible chain of custody to any of the materials seized. The President lamented lack of controls on the country's stored munitions and the Charge reviewed September's USG-assisted destruction activity which reduced by some 60 percent Paraguay's stores of (often old/unstable munitions. The President reiterated his concern for he lack of cooperation and coordination among the security forces, the police and prosecutors. Castorino told Lugo that a good model for just such coordination does indeed exist -- the DCEI.

SUPPORT FOR DCEI?

15. (S) Charge and Castorino reviewed for the President the history and development of the DCEI, noting that the DCEI is tentatively scheduled to receive up to USD 1.2 million in USG assistance this year, including assistance for final round of selections and qualifications courses slated to start in March. (NOTE: The USG has provided USD 5 million in total assistance to DCEI since December 2006. END NOTE.) Castorino noted that had it not been for USG support for standing up the DCEI, the President would have been left without any rapid response capability at all -- like the DCEI he had just ordered deployed. Aquino noted that the DCEI had been very supportive of SENAD by providing cross-training to liaison officers and logistical support during counter-narcotics operations. Charge noted that, in the end, it had been the USG that paid for the gas and expenses for the DCEI to deploy in response to the President's orders that week. Lugo took that on board, and recalled favorably his November 18 visit to the DCEI headquarters in Asuncion and his field trip to Amambay Department with Ambassador Ayalde to observe SENAD and DCEI jointly conduct counter-narcotics operations.

16. (S) Charge told Lugo that the USG-Paraguayan bilateral

support effort for the DCEI had been drafted, but never signed by the previous Paraguayan administration. President Lugo asked why that had been the case. Charge explained the USG had operated in good faith that we were responding to joint US-Paraguayan priorities in helping stand up the DCEI. President Duarte promised repeatedly to sign, but then took an increasingly anti-US stance as the Paraguayan elections came closer. (Lugo laughed at that, as Duarte's tactics had obviously failed.) Then we had to wait for those elections; and then President Lugo's inauguration; and then his meeting with President Bush; and then OUR elections and now the U.S. inauguration... President Lugo laughed aloud again in apparent agreement as Charge suggested this really has to stop. Charge emphasized to Lugo that the USG sought from his administration a written statement of support for the DCEI to share with the incoming Obama administration before the Embassy could even consider recommending continued USG support for DCEI. Charge put this in the context of the larger questions that the new US Administration would have: Where does Lugo wish to take Paraguay; where does he wish relations with the USG to go; and, specifically, where does he wish to take the relationship in terms of security and defense issues. Aquino and Castorino explained to Lugo that although the DCEI is operating legally under Paraguayan law and under the military's Special Forces division, it still needs to be codified in the law (for instance, to ultimately take receipt of U.S.-provided weapons) and it needs its own line item in the official budget. (NOTE: Both Aquino and Castorino -- who seem to have Lugo's ear, and seem to be among the select few he trusts -- were bullish about USG support for DCEI. Castorino told Lugo that Defense Minister Bareiro had been "playing games" with the USG and with the President. They disparaged Bareiro as increasingly influenced by the Paraguayan Movement Toward Socialism (P-MAS) leader Camilo Soares and Vice Foreign Minister Jorge Lara Castro (also viewed by many as an ideological leftist). END NOTE.)

17. (S) Charge provided Lugo a draft copy of a letter from Charge to Defense Minister Bareiro, requesting such a written affirmation of the Lugo administration's support for DCEI (as first requested by the Ambassador of Bareiro in

mid-December). Lugo read the letter closely, asked that Aquino and Castorino provide any suggested edits (they had none). Lugo was relaxed and appeared supportive, but, in the end, was his usual non-committal self (perhaps especially so regarding something possibly still in debate within his motley cabinet and circle of advisors). But he quickly told Charge to proceed to send the letter to his Defense Minister, with copies to the Foreign Minister and himself. (This was done shortly after the meeting.) At no time was it suggested that either the Foreign Minister or Defense Minister be made aware of the Charge's discussion of this topic with the President. President Lugo committed at several points, however, to have a formal response to the Embassy from his government by the end of the following week (i.e., the Friday before the U.S. Presidential inauguration/transition). (NOTE: Defense Minister Luis Bareiro Spaini responded January 8 to the Embassy's January 5 letter, thanking the Embassy for also sharing the request with the President and the Foreign Minister -- the two people, he said, with whom he needed to first meet in order to prepare a more definitive response. END NOTE.)

POSSIBLE THREATS AGAINST LUGO

18. (S) Lugo told Charge that his sister, Mercedes, had received several calls with information about possible attacks on himself or possibly one of his Ministers to occur around the time of Holy Week (March). While he still only had initial scraps of info (from his traveling sister), Lugo said the threats appeared to be emanating from ex-military and/or ex-police (and possibly narco- or criminal-tied syndicates) -- not the EPP/Paraguayan People's Army. Lugo asked that the Embassy share any information it receives

regarding possible threats against Lugo; as Charge and Ambassador had committed to do so even before he assumed office, Charge committed to bring forth any such threat information we may have. (NOTE: Charge subsequently asked Country Team members to check for any possible information related to these threats, which we will then loop back to the Presidency -- even if only to say that we have no such information. END NOTE.) Lugo concluded by saying he did not wish to jump to conclusions and "connect the dots" that did not merit connecting; he said he saw the EPP attack, the weapons thefts and the possible threat info his sister was picking up as separate and unrelated items. The President seemed relaxed and comfortable throughout the meeting, and, as always, open to learning new information related to things he did not know much about. At no time did he indicate he was feeling defensive, insecure or rattled by any of the threat information.

COMMENT

19. (S) President Lugo was warm, welcoming, relaxed throughout the meeting. He conveyed the impression that he remains strongly supportive of USG assistance to Paraguay in general, and to the DCEI, in particular. The timing of this meeting -- in the immediate wake of both the EPP attack and the theft of military munitions -- was coincidental, though it may prove to be providential. Even though he was, in the end, positive yet non-committal (as is his style, to the frustration of all around him), he clearly recognized: a) All that the USG has done for Paraguay, b) The need for some clarity of his government's position, and c) The need for his government to get back to us formally (and with one common position) ASAP. END COMMENT.

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